

## Message Text

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72

ACTION EUR-25

INFO OCT-01 EA-11 NEA-10 IO-12 ADP-00 INRE-00 SSO-00 CCO-00

USIE-00 AID-20 CEA-02 CIAE-00 COME-00 EB-11 FRB-02

INR-09 NSAE-00 RSC-01 OPIC-12 TRSE-00 CIEP-02 LAB-06

SIL-01 SAL-01 OMB-01 SS-14 NSC-10 PA-03 PRS-01 RSR-01

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FM USMISSION OECD PARIS

TO SECSTATE WASHDC IMMEDIATE 9113

INFO AMEMBASSY ANKARA

AMEMBASSY ATHENS

AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY HELSINKI

AMEMBASSY LISBON

AMEMBASSY LONDON

USMISSION EC BRUSSELS IMMEDIATE UNN

USMISSION NATO

AMEMBASSY LUXEMBOURG

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS UNN

AMEMBASSY REYKJAVIK

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

AMEMBASSY WELLINGTON

USMISSION GENEVA

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ECOTO 16

E. O. 11652: N/ A

TAGS: EFIN OECD OVIP ( CASEY, WILLIAM J)

SUBJECT: OECD EXCOMM' S DISCUSSION OF INTERNATIONAL PAYMENTS  
SITUATION

REF: USOECD 6700

1. MAIN VIEW POINTS ADVANCED BY SPEAKERS DURING  
THE DISCUSSION ON THE INTERNATIONAL PAYMENTS SITUATION  
AND THE ROLE OF INTER- GOVERNMENTAL COOPERATION IN OECD' S  
EXECUTIVE COMMITTEE IN SPECIAL SESSION WERE THE FOLLOWING:

( A) THE PARITY ADJUSTMENTS OF FEBRUARY AND THE  
DECISIONS TAKEN BY G-10 AND OTHER GOVERNMENTS LAST  
WEEK IN THE MONETARY FIELD WERE THE RIGHT ONES. THEY  
PROVIDE THE BASIS FOR REACHING A SUSTAINABLE PAYMENTS  
EQUILIBRIUM, BUT THIS WILL TAKE SOME TIME.

( B) IN PERIOD OF TRANSITION TO A NEW EQUILIBRIUM  
AND DURING THE PERIOD OF ACCOMMODATION TO A NEW ERA  
OF MONETARY AFFAIRS THERE WILL BE GREATER NEED THAN  
EVER FOR ALL MEMBERS TO CONSULT AND COOPERATE EVEN  
MORE CLOSELY REGARDING THEIR ECONOMIC AND MONETARY  
POLICIES. ALL MUST TAKE INTO ACCOUNT THAT THEIR  
POLICY ACTIONS, FOR BOTH DOMESTIC AND EXTERNAL  
PURPOSES, COULD AFFECT OTHERS ADVERSELY. THIS WAS  
NOT THE TIME FOR SUDDEN UNILATERAL OR UNCOORDINATED  
DECISIONS.

( C) BECAUSE THE OECD ENCOMPASSES WORK IN  
TRADE, INVESTMENT, DOMESTIC ECONOMIC POLICY AND  
BALANCE OF PAYMENTS, IT HAD A STRATEGIC COOPERATIVE  
AND CONSULTATIVE ROLE TO PLAY.

( D) SURPLUS COUNTRIES AS WELL AS DEFICIT  
COUNTRIES SHOULD CONSIDER WHAT MEASURES THEY  
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COULD TAKE TO SHORTEN OR SMOOTH OUT THE TRANSITION

PERIOD. THE CANADIANS AND THE JAPANESE CITED THEMSELVES AS HAVING GIVEN EXAMPLES OF WHAT MEMBER COUNTRIES MIGHT DO UNILATERALLY TO HELP.

( E) MANY STRESSED NEED MOVE FORWARD ON THE REFORM OF INTERNATIONAL MONETARY SYSTEM.

2. ON MORE SPECIFIC ISSUES:

( A) MANY PARTICIPANTS STRESSED NEED TO COME TO GRIPS WITH THE VOLATILE MOVEMENTS OF SHORT- TERM AND SPECULATIVE CAPITAL. SOME FELT THAT COORDINATED EFFORTS WERE NEEDED, AND URGED THAT WP-3 AS WELL AS COMMITTEE OF 20 STUDY THIS TOPIC AND MAKE RECOMMENDATIONS FOR ACTION. NO SPECIFIC PROCEDURAL DECISION WAS TAKEN.

( B) A NUMBER OF MEMBERS ( INCLUDING THE EC, FRANCE, UK, SWEDEN) AGREED THAT TRADE LIBERALIZATION SHOULD BE PURSUED AS AN END IN ITSELF AND ACTION IN THIS FIELD SHOULD NOT BE CONDITIONED BY THE CURRENT MONETARY SITUATION.

( C) A NUMBER OF COUNTRIES COMMENTED FAVORABLY ON UNTYING AID, BUT SOME WONDERED WHETHER THE TIME WAS NOW APPROPRIATE OR EVEN WHETHER IT WOULD HAVE MUCH OF AN IMPACT ON ADJUSTMENT PROCESS AS SECRETARIAT DOCUMENT HAD CONTENDED.

( D) COUNTRIES AGREE THAT THE EPC AND WP-3 SHOULD, DURING THE TRANSITION PERIOD, BE REQUESTED TO KEEP POLICIES UNDER CONTINUOUS REVIEW, IN THEIR RESPECTIVE DOMAINS AND KEEP THE EXCOM INFORMED. ( REF DOC, PARA 17 II). SOME MEMBERS URGED THAT THESE BODIES' MANDATES BE MADE MORE SPECIFIC OR EXPANDED TO INCLUDE CERTAIN POINTS OF INTEREST TO SOME MEMBERS OF EXCOM. ONE OR TWO COUNTRIES SAID THAT THE NEW COMMITTEE FOR MONETARY AND FOREIGN EXCHANGE MATTERS OUGHT ALSO BE INVOLVED IN THESE REVIEWS. NO PROCEDURAL DECISION OR NEW MANDATES WERE GIVEN.

( E) MANY COUNTRIES DEMURRED ASKING THE TRADE LIMITED OFFICIAL USE

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COMMITTEE, DAC, AND INVISIBLES COMMITTEE TO CONSIDER STEPS THAT COULD BE TAKEN IN THEIR AREAS TO HASTEN THE ADJUSTMENT PROCESS ( REF DOC, PARA 17 III). CASEY

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

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